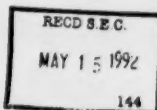




SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



FORM 10-Q

JAL-2268

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 1992

Commission File No. 0-15231

KRISCH AMERICAN INNS, INC.

(Exact name of registrant as specified in its charter)

VIRGINIA

54-1371474

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1917 Franklin Road, S.W. Roanoke, Virginia

24014

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(703) 342-4531

Indicate by check mark whether the registrant (1) has filed all reports required by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. X YES NO

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Common Stock, No Par Value

5,916,666

Class

Outstanding at May 1, 1992

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PART 1: FINANCIAL INFORMATION
KRISCH AMERICAN INNS, INC.
Consolidated Balance Sheets

Assets -----	March 31, 1992 (Unaudited)	December 31, 1991
Current assets:		
Cash	\$56,594	58,116
Receivables	103,265	80,623
Inventories	26,108	36,790
Prepaid expenses	69,060	90,082
Total current assets	255,027	265,611
Property and equipment, less accumulated depreciation of \$4,431,442 and \$5,289,671 at March 31, 1992 and December 31, 1991, respectively	15,597,292	19,605,184
Deferred charges and other assets	165,555	287,084
	\$16,017,874	20,157,879
	*****	*****
Liabilities and Stockholders' Equity -----		
Current liabilities:		
Current installments of long-term debt	11,587,822	11,747,525
Accounts payable	260,775	310,039
Accrued expenses	228,031	114,659
Due to affiliate (note 5)	2,325,315	2,120,388
Total current liabilities	14,401,943	14,292,611
Long-term debt, excluding current installments	970,887	4,912,423
Deferred rent payable	161,067	143,170
Stockholders' equity:		
Preferred stock, no par value. Authorized 5,000,000 shares, none issued	0	0
Common stock, no par value. Authorized 10,000,000 shares, 5,916,666 issued and outstanding	7,150,342	7,150,342
Accumulated deficit	(6,666,365)	(6,340,667)
Total stockholders' equity	483,977	809,675
	\$16,017,874	20,157,879
	*****	*****

See accompanying notes to consolidated financial statements.

KRISCH AMERICAN INNS, INC.
Consolidated Statements of Operations
(UNAUDITED)

	Three Months Ended March 31,	
	1992	1991
Sales and income:		
Room rentals	873,065	1,027,238
Food and beverage sales	283,320	342,499
Other income	28,278	20,722
Total sales and income	1,184,663	1,390,459
Departmental cost:		
Room	380,698	363,118
Food and beverage	246,378	297,883
Total departmental cost	627,076	661,001
Gross operating income	557,587	729,458
General expenses:		
Selling, general and administrative	321,445	367,043
Franchise fees and assessments	74,916	94,046
Utilities	106,968	127,078
Maintenance	76,022	67,434
Property taxes	37,893	49,434
Depreciation	229,117	301,673
Interest and amortization (note 6)	237,405	506,335
Gain on sale of property (note 7)	(200,481)	0
	883,285	1,513,043
Net loss	(\$325,698)	(\$783,585)
Net loss per common share	(\$0.06)	(\$0.13)

See accompanying notes to consolidated financial statements.

KRISCH AMERICAN INNS, INC.
Consolidated Statements of Cash Flows
(UNAUDITED)

	Three Months Ended March 31,	
	1992	1991
Cash flows from operating activities:		
Cash received from customers	\$965,482	\$1,383,747
Cash paid to suppliers and employees	(934,072)	(1,369,631)
Interest paid(net of amount capitalized)	(211,693)	(477,102)
Net cash provided (used) by operating activities	(180,283)	(462,986)
Cash flows from investing activities:		
Proceeds transferred in sale of property	(32,213)	0
Capital expenditures	(3,963)	(145,908)
Decrease (increase) in deferred charges and other assets	32,491	(8,407)
Net cash used in investing activities	(3,685)	(154,315)
Cash flows from financing activities:		
Repayment of long-term debt and short-term borrowings	(22,481)	(110,053)
Due to affiliate increase	204,927	643,279
Proceeds from issuance of long-term debt	0	0
Net cash provided (used) by financing activities	182,446	533,226
Net increase (decrease) in cash and cash equivalents	(1,522)	(84,075)
Cash and cash equivalents at beginning of year	58,116	123,839
Cash and cash equivalents at end of period	\$56,594	\$39,764
	=====	=====
Reconciliation of net income to net cash provided by operating activities:		
Net loss	(\$325,698)	(\$783,585)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	254,829	330,906
Gain on sale of property	(200,481)	0
Deferred rent payable	17,897	17,897
Change in current assets and liabilities:		
Receivables (increase) decrease	(22,642)	(6,945)
Inventories (increase) decrease	10,682	1,946
Prepaid expenses (increase) decrease	21,022	19,633
Accounts payable increase (decrease)	(49,264)	(34,963)
Accrued expenses increase (decrease)	113,372	(7,875)
Net cash used by operating activities	(\$180,283)	(\$462,986)
	=====	=====

See accompanying notes to consolidated financial statements.

Krisch American Inns, Inc.
NOTES TO FINANCIAL STATEMENTS

1. The Company was formed in May 1986 and is engaged in the business of owning and acquiring hotels and motels, all of which are operated by an affiliated management company, Krisch Hotels, Inc. (KHI).
2. The balance sheet as of March 31, 1992 and the related statements of operations and changes in financial position for the three months ended March 31, 1992 are unaudited. In the opinion of management all adjustments necessary for a fair presentation of such financial statements have been included. Interim results are not necessarily indicative of results for a full year.
3. **Per Share Information**
Net earnings(loss) per share is based on the weighted average number of shares of common stock outstanding (5,916,666) during each period.
4. **Income Taxes**
The Company's loss carryforward from operations of \$6,666,365 will begin to expire in 2002 if not used to offset future taxable income.
5. **Related Party Transactions**
The Company paid KHI management fees of \$42,909 for the three months ended March 31, 1992. This amount is included in selling, general and administrative expenses. In addition, the Company has a payable of \$2,325,315 to KHI as a result of various intercompany transactions.
6. **Commitment**
On April 20, 1990, the Company with KHI entered an agreement to jointly and severally personally guarantee to pay any costs of construction or operating deficits incurred by Sugar Bay Associates Limited Partnership prior to December 1, 1992 which exceeds the amounts allocated in the loan agreement.
7. **Sale of Property**
On January 28, 1992 the Company sold its 154 room Ramada Inn Wytheville, Virginia and recorded a gain from this sale of \$200,481 (as previously reported in the 10-K and annual report).
8. In January, 1992 the Company received a \$56,478 refund of interest from a bank. This refund was for interest overcharges which began accruing in January, 1990.

Kriech American Inns, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following comments should be read in conjunction with "Management's Discussion and Analysis" appearing on page 2 of the Company's 1991 Annual Report to Shareholders.

RESULTS OF OPERATIONS

Room revenue decreased 15% from the comparable quarter in 1991 as a result of the sale of the Wytheville property, room revenue for the remaining properties increased 2.8% as a result of a an increase in occupancy rate from 46.42% to 50.37% and a 7.5% decrease in the average daily rate. The decline in average daily rate was a result of decreases at all the remaining properties. The decline in average daily rate reflects an effort to maintain market share during the economic slowdown. In addition, room departmental cost increased as a percentage of revenue as a result of an increase in salaries and benefits.

Food and beverage revenue on the remaining properties increased 19.7% from the comparable quarter in 1991 reflecting a 58.4% increase at the Newark Sheraton. As a result, food and beverage departmental cost decreased 7.2% as a percentage of revenue.

General expenses on the remaining properties decreased as a percentage of revenue from the comparable quarter in 1991. The decrease of these expenses as a percentage of revenue is attributable to the increase in total revenues and the semi-fixed nature of these expenses as well as a significant decrease in interest expense. Interest expense decreased because of a decline in the prime rate and a refund of interest overcharges (see note 8).

LIQUIDITY AND CAPITAL RESOURCES

Net working capital (excluding the effects of the Wytheville property) decreased \$274,520 in the quarter ended March 31, 1992. This decrease was the result of the repayment of long-term obligations of \$17,382, the expenditure of \$3,685 for capital items, deferred charges and other assets, and cash used by operations before changes in current assets and current liabilities of \$253,453. The ability of the Company to continue as a going concern is uncertain. The Company intends to continue its plan to liquidate all non-performing properties. The Company is pursuing all available alternatives to reach mutually satisfactory solutions with its lenders and creditors, however, at the present time no conclusion can be made as to the ultimate outcome of these matters. If the Company is successful in completing its restructuring it will continue to own the Hampton Inn, Glen Burnie, MD. and a 49% limited partnership interest in the resort hotel in the U.S. Virgin Islands.

PART II

Item 5. Other Information

In June of 1990, Sugar Bay Associates Limited Partnership (the "Partnership") entered in a contract with Frank J. Rooney, Inc. of Ft. Lauderdale, Florida, for the construction of a 300-room resort hotel in St. Thomas, U.S. Virgin Islands. The Company, through a wholly owned subsidiary, is a 49% limited partner of the Partnership. Construction has begun on the hotel which is projected to cost in excess of \$50,000,000. Completion is expected in August of 1992. The Partnership also received its Industrial Tax Exemption. This Exemption will relieve the Partnership from the payment of real estate and certain other taxes for a term of ten years. The hotel is to be known as "Sugar Bay Plantation Resort" , and will be operated as a Holiday Inn Resort.

Item 6(a). Exhibits - NONE

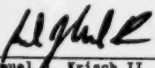
Item 6(b). A report on Form 8-K was filed on January 31, 1992 during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date May 12, 1992

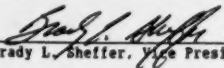
By



Samuel C. Krisch, II, President

Date May 12, 1992

By



Brady L. Sheffer, Vice President-Finance